

Inter-district School Choice in Massachusetts

by Roger Hatch



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Table of Contents

Executive Summary	4	School Choice and Test Scores	13
Introduction	4	Funding	14
Program Goals	5	Budget, Revenues and Expenditures	14
Equity, Adequacy and Efficiency	5	Determining the sending district	15
Trends in State PK–12 Enrollment	5	Regular and Vocational Tuition Rates	15
Total foundation enrollment over the past decade	5	Special Education Increments	16
Total foundation enrollment change by county	6	Virtual Schools	16
Foundation enrollment by “kind of community”	6	Foundation Enrollment and Chapter 70	16
School Choice Participation Trends	6	School Choice and Regionalization	16
Overall Trends	6	Policy Recommendations	18
Geographic distribution	9	Raise the \$5,000 cap on tuition rates	18
By Kind of Community	9	Changing the statewide limit of 2 percent of enrollment	18
Size of Receiving District	10	Acknowledge that school choice is a budget tool	18
Most Choice Pupils Received and Sent	11	Update the law, then establish regulations	19
The School Choice Law	11		
The Process for Parents and Students	12		
The Process for School Committees and School Personnel	13		
Admissions	13		



Executive Summary

The inter-district school choice law was passed in 1991 and the program has grown steadily ever since. Its two main goals were to provide education options to Massachusetts parents and children, and to spur competition among districts. Both goals continue to be successful. The program is flourishing and generates only sporadic controversy.

School choice allows school districts to enroll non-resident pupils from other districts at a tuition cost that starts at \$5,000 but averages more than \$6,000 when special education expenses are added in. The tuition is paid entirely by the students' home districts, at no cost to the parents.

In fiscal year 2017, more than 16,000 of the Commonwealth's 950,000 students were enrolled as choice pupils. Nearly 60 percent (190) of the state's 322 school districts accepted students through the program.

School committees vote each year whether to accept new non-resident choice pupils. Their motivation to do so is usually to fill empty seats and bring in additional revenue. Statewide, total enrollment declined by 1 percent between FY 2008 and FY 2017. However, there were significant geographic differences. Berkshire, Franklin, Hampshire and Barnstable counties all saw decreases of 12 percent or more.

Admission must be non-discriminatory and if there is competition for open slots, the receiving district must hold a lottery. An analysis of MCAS test scores shows that choice pupils tend to outperform resident students of the receiving district.

School choice pupils count in the sending district's Chapter 70 state aid calculations. In FY 2017 70 districts received more aid for their choice pupils than what was spent on their tuition. Some received several thousand dollars per pupil in excess of the tuition.

School choice is a form of regionalization and can be a deterrent to efforts to combine districts. There are 10 districts where choice students account for more than a quarter of total enrollment. In five of them the number exceeds 40 percent.

There is one common complaint about the program. The law says the tuition rate should be 75 percent of the receiving district's per pupil expenditure or \$5,000, whichever is lower. The \$5,000 cap has been in place since the program's inception 27 years ago. At this point all receiving districts are subject to that cap, which should be raised to levels high enough to incentivize more high-performing districts to accept non-residents. At the same time, consideration must be given to maintaining fiscal stability in the sending districts.

Introduction

The phrase "school choice" is often used generically to refer to an option that allows parents and children to enroll in settings other than their local public school districts. Nationally, charter schools, vouchers, tax credits, education tax savings accounts, magnet schools, home schooling, virtual schools, and open enrollment constitute the main thrusts of the school choice movement¹

In Massachusetts, public discussion centers on three long-standing forms of school choice: charter public schools, vocational schools, and the METCO program. Amidst the heated discourse another program for the most part flies under the radar of policy makers and the general public. The inter-district school choice program was first implemented in fiscal year 1992. It allows districts to enroll non-residents and charge those students' home districts a tuition rate set by the Commonwealth. The number of districts accepting non-residents and the amount of tuition they receive has quietly risen at a steady pace since the inception of the program. When a new district decides to accept non-residents, there is none of the contentiousness that accompanies the opening of a charter school. The district simply notifies the Massachusetts Department of Elementary and Secondary Education (DESE), lets it be known in the surrounding area that they are now accepting, and the process begins.

Parents and pupils looking for alternative school settings certainly are aware of the inter-district choice option. So are school committees, who must vote each year on whether to accept non-residents. Superintendents, school business managers, teachers and other school officials are also aware. So are finance committees, as they eye the school committee's choice revolving account during budget season (even though they have no authority over the funds).

However, the program is so seldom in the news and so devoid of local controversy that for the most part the public is not aware that the inter-district school choice program exists. The issue is seldom even broached at town meetings, as the decision to accept has already been made by the school committee and is out of the hands of meeting members. They may argue vociferously about the proposed school budget, but they have no say in how choice revenues are spent. They may grumble about the tax rate, but not think through the fact that, depending upon how one looks at it, local tax money may be spent on non-resident schoolchildren.

If people were unhappy with the school choice program they could bring their concerns to legislators. However, the school choice program functions smoothly.

Even those who *are* aware of the program may be uninformed about the specifics of how it actually works. The admission process is designed to be open and non-discriminatory. Treatment of students after admission is straightforward: the students treated just like residents. The funding is at first blush blessedly simple—\$5,000 per pupil plus any special education charges—but if one digs deeper it becomes far more intricate.

DESE has some postings on its website² that explain how the program works from both a parent's and school administrator's point of view. However, recently there has been little independent research published on the topic. Perhaps this is because it has changed very little since its inception 27 years ago. This paper will attempt to bring into focus not just the mechanics of how it functions, but some of the issues surrounding the program, and recommendations for how they might be resolved in the future.

Program Goals

Massachusetts' school choice law (MGL C76 s12b) does not state specific purposes for the program. Most people agree that there were at least two goals. The first was to allow students access to better schools than what they experienced in their home district. Early in the program's life cycle, Peiser and Armor pointed out that "affluent families already have school choice" and that "low-income families who cannot now afford to move or to use private schools may well be the greatest beneficiaries of choice."³ The most powerful form of school choice is the parental decision about where to live.

The second goal was to spur competition between districts. This competition would arguably result in a drive to improvement. Prior to FY92, Massachusetts school districts were essentially monopolies. The choice program meant they would have to work to attract students, or to discourage them from leaving for another district. It turns out that one of the original goals of school choice—to spur competition among districts—has succeeded in Massachusetts. Michael Buoniconti, superintendent of the Mohawk Regional School District in the western part of the state, acknowledges this dynamic.

We spend a lot more time thinking about marketing and messaging, things that are usually more associated with the private sector. We need to develop brochures, we need to do a better job on our website, we need to brand ourselves, we need to think like a business because these are our customers and we need to give them a reason to choose to stay with us.⁴

Equity, Adequacy and Efficiency

Three important precepts underlie most state school finance programs around the country. Equity means districts in

similar circumstances should be treated the same under the distribution formula. Conversely, districts in different circumstances should see fair differentials in the amount of funding available. Adequacy refers to the amount of resources available to schools to fund their educational programs. In Massachusetts, the Chapter 70 law cites both of these precepts in its opening paragraph⁵.

Efficiency, however, is not mentioned in Chapter 70. Recently, much attention has been dedicated to seeing that money is spent as wisely as possible. In the 2015 Foundation Review Commission report, one recommendation was "to ensure the funding was used effectively and accountably to meet the educational needs of our most vulnerable children and high needs students."⁶ Although efficiency does not always translate into effectiveness, it is a step in the right direction.

School choice is a mechanism for efficiency in at least two ways. First, filling empty seats is the most common reason why districts accept non-resident choice students. Second, a receiving district can offer particular niche programs when it might not be able to attract enough resident pupils to enroll in them. It is more efficient for one district to offer such programs than for all districts to try to do so.

Trends in State PK–12 Enrollment

Total foundation enrollment over the past decade

The most common reason for districts to opt into school choice is declining enrollment. If they can keep a classroom, program, or even a particular school open with a few more kids from outside the district, it benefits both the receiving district and the non-residents who enroll. So, an analysis of school choice hinges immediately upon what is happening with overall district enrollment.

To analyze district enrollment trends, the best measure is foundation enrollment, the statistic used in the Chapter 70 state aid program. It counts all pupils residing in the district for whom the district is financially responsible, including those going out to charter schools, other districts through tuitioning agreements or school choice, and special education schools. It excludes incoming choice or tuitioned-in students, private school students and home schoolers. The 10-year span between FY 2008 and FY 2017 was chosen here for comparison⁷.

Statewide, foundation enrollment is slowly decreasing. The combined enrollment for operating districts⁸ fell from 949,064 in FY 2008 to 939,681 in FY 2017, a decrease of 9,383 pupils or 1 percent. Sixty-five percent of districts (208) lost a total of 48,630 pupils. Of this group, 39 lost between 20 and 29 percent; seven lost between 30 and 39 percent and two lost more than 40 percent.

However, the overall loss among this group was significantly offset by the 114 districts that gained enrollment. These districts tended to be much larger than those that saw enrollment declines. Enrollment in these districts increased by 39,257, including seven districts where it grew by 20–29 percent and three by more than 30 percent.

Total foundation enrollment change by county

The western sections of the state experienced the most dramatic enrollment decreases between FY 2008 and FY 2017. Figure 1 shows percent change by county, going roughly west to east as one moves left to right. The only significant anomalies to this pattern are Barnstable County and to a lesser extent Suffolk County.

Foundation enrollment by “kind of community”

Urbanized centers account for nearly all the growth among categories between FY 2008 and FY 2017 (Figure 2). Cities such as Everett (35 percent), Chelsea (27 percent), and Revere

(24 percent) are Gateway Cities that are seeing substantial immigration. On the other hand, rural economic centers such as Palmer (-24 percent) and small rural communities such as Savoy (-34 percent) have seen steep decreases in foundation enrollment since FY 2008.

In areas of the state where the student population is dwindling, there is increased competition among districts to attract those who remain. This competition seems most pronounced in small western communities and on Cape Cod. On the other hand, the enrollment increase in urbanized centers should create further demand for choice in nearby receiving districts, especially urban districts that are underperforming.

School Choice Participation Trends

Overall Trends

The choice program has grown steadily nearly every year between FY 1992 and FY 2017. Of the state’s 322 school districts, 190 received non-resident choice pupils in FY 2017.

Figure 1: Percentage Change in Foundation Enrollment FY 2008 to FY 2017, By County

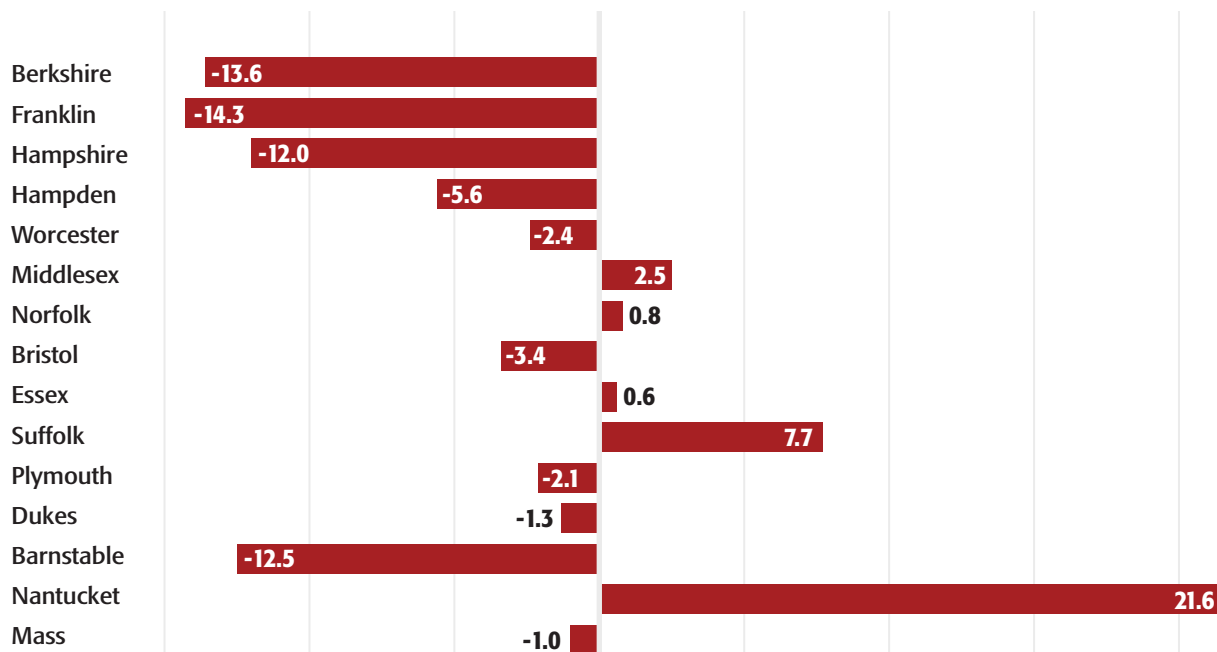


Figure 2: Percent Change in Foundation Enrollment FY 2008 to FY 2017 by Kind of Community

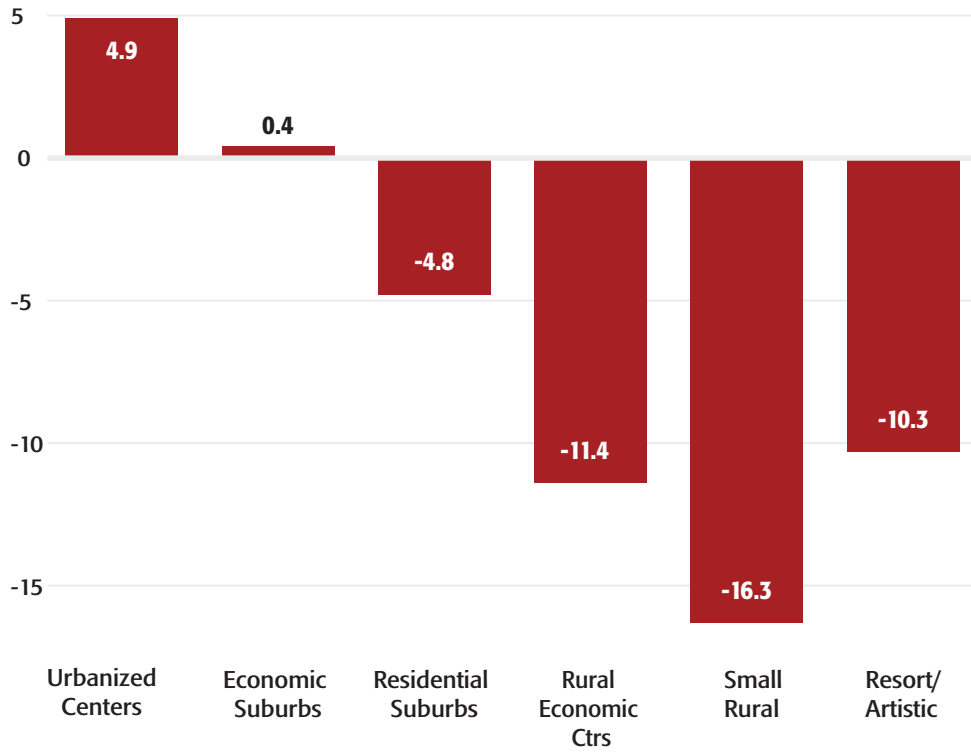
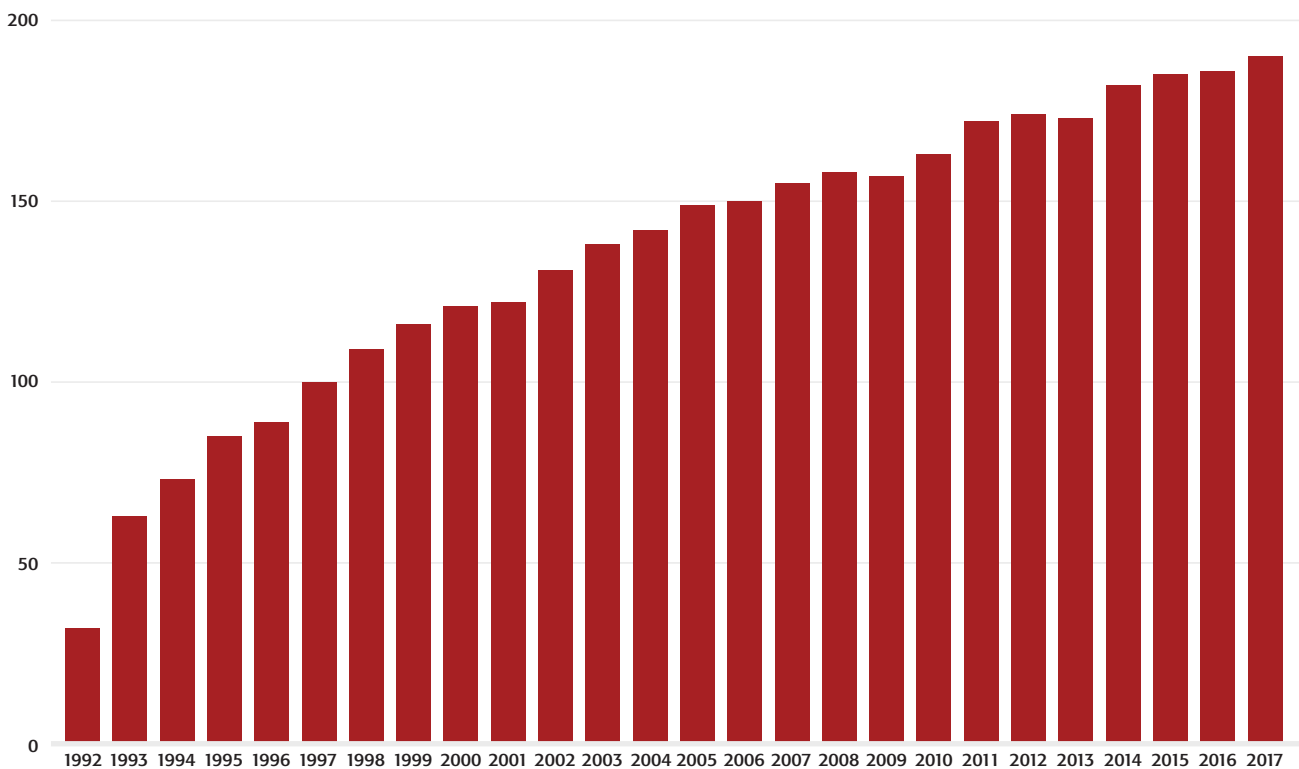
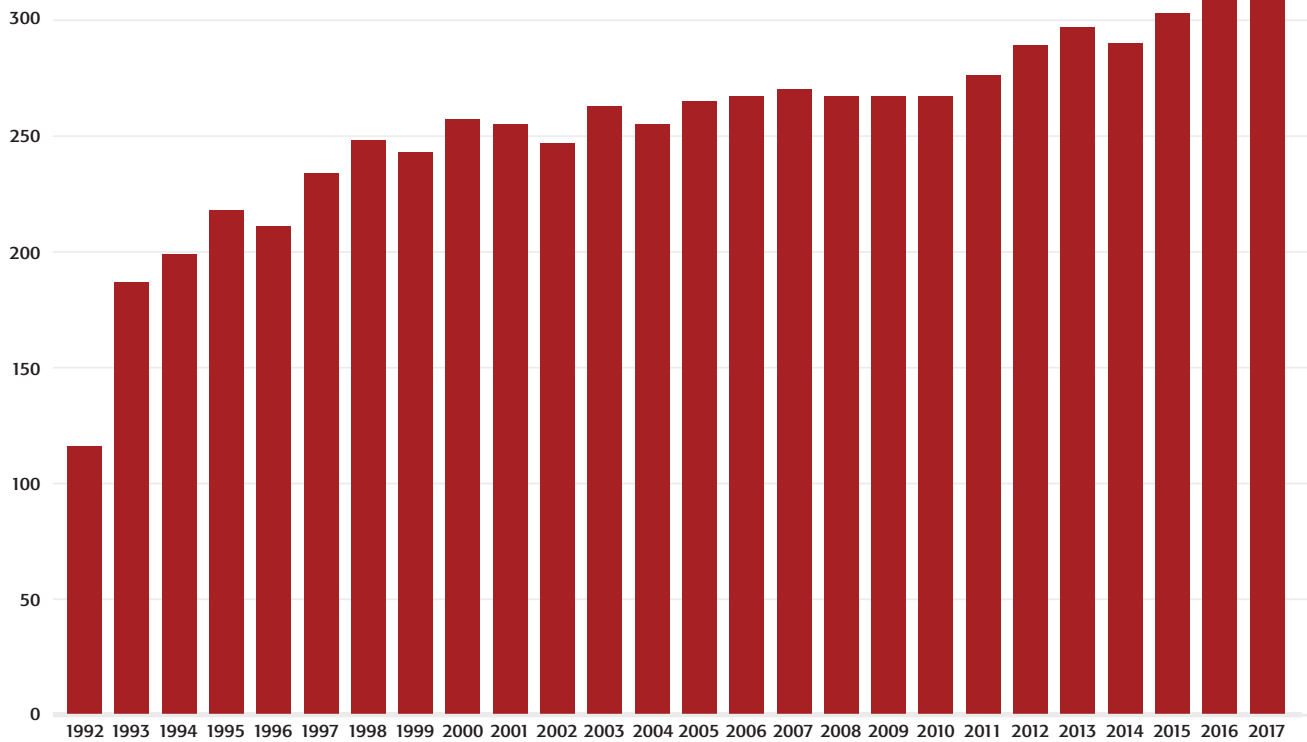


Figure 3: Number of Receiving Districts, FY 1992 to FY 2017

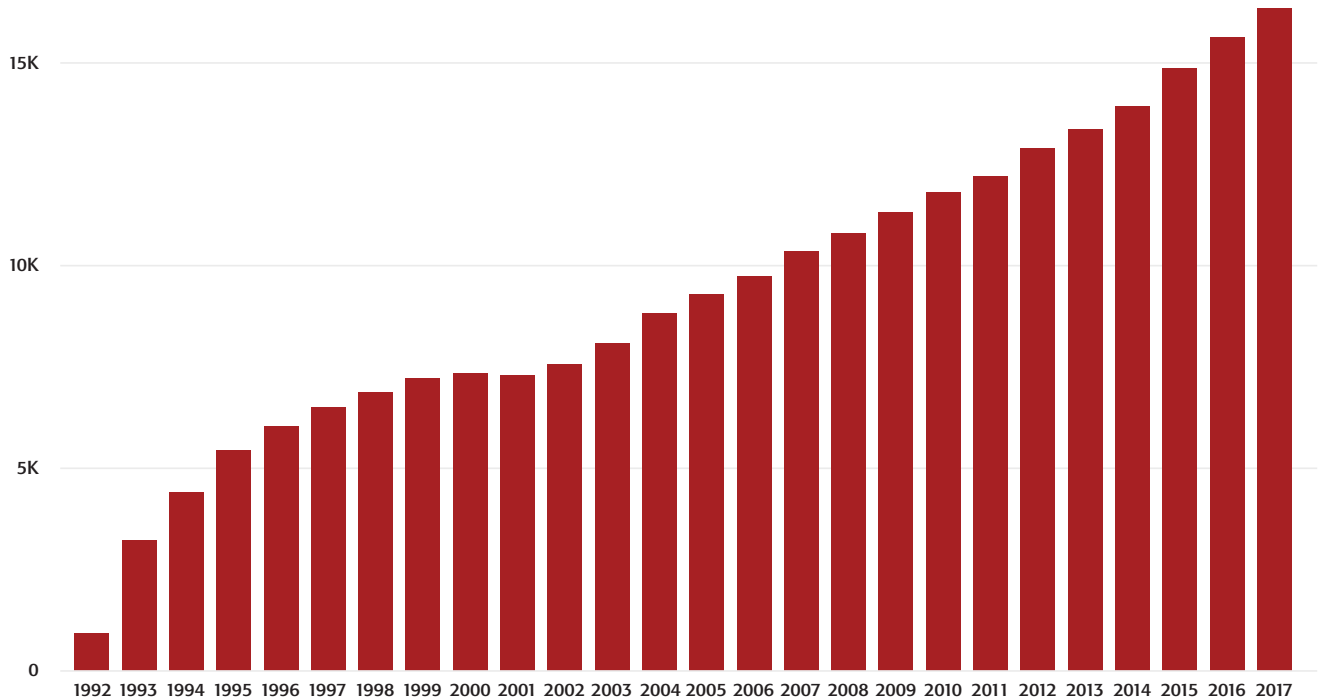


Nearly all districts send at least one pupil to a choice district. In FY 2017 there were 303 sending districts.

Figure 4: Number of Sending Districts, FY 1992 to FY 2017



A total of 16,353 full-time equivalent (FTE) pupils were enrolled at some point in the year (FTEs represent the portion of the year that a student attended). For example, a student who transferred out of a choice district in the middle of November, would account for around 0.25 FTEs, having been enrolled for two-and-a-half months of the 10-month school year. The FTE concept is used to apportion tuition based upon actual days of service, similar to the process used for Commonwealth charter schools.

Figure 5: Number of Full-Time Equivalent (FTE) Pupils

The 16,353 FTEs represent 1.71 percent of total PK–12 enrollment. The choice statute caps program enrollment at 2 percent of statewide enrollment (953,748 in FY 2017, so the cap would have been 19,075). It would appear that at the current rate of growth (600–800 pupils a year) we will reach the cap sometime in the four-to-six-year range.

The concept of full-time equivalency is particularly important for this program, and not just to ensure fair tuition calculations. When compared to headcount of all choice pupils enrolled across the year, it is clear that there is substantial coming and going. The statewide choice headcount was 17,935, which means the average student was enrolled in the program just 91 percent of the school year. This compares to a statewide average of 99 percent⁹. Some of this gap is due to families moving into and out of town, thus affecting a student's choice status even though he or she may have remained in the same school. But at least some of it is likely due to other factors involving student satisfaction with the educational offerings or social environment. This would be an interesting topic for further research.

Geographic distribution

As the program developed during the 1990s there were identifiable clusters of receiving choice districts, in the northeast,

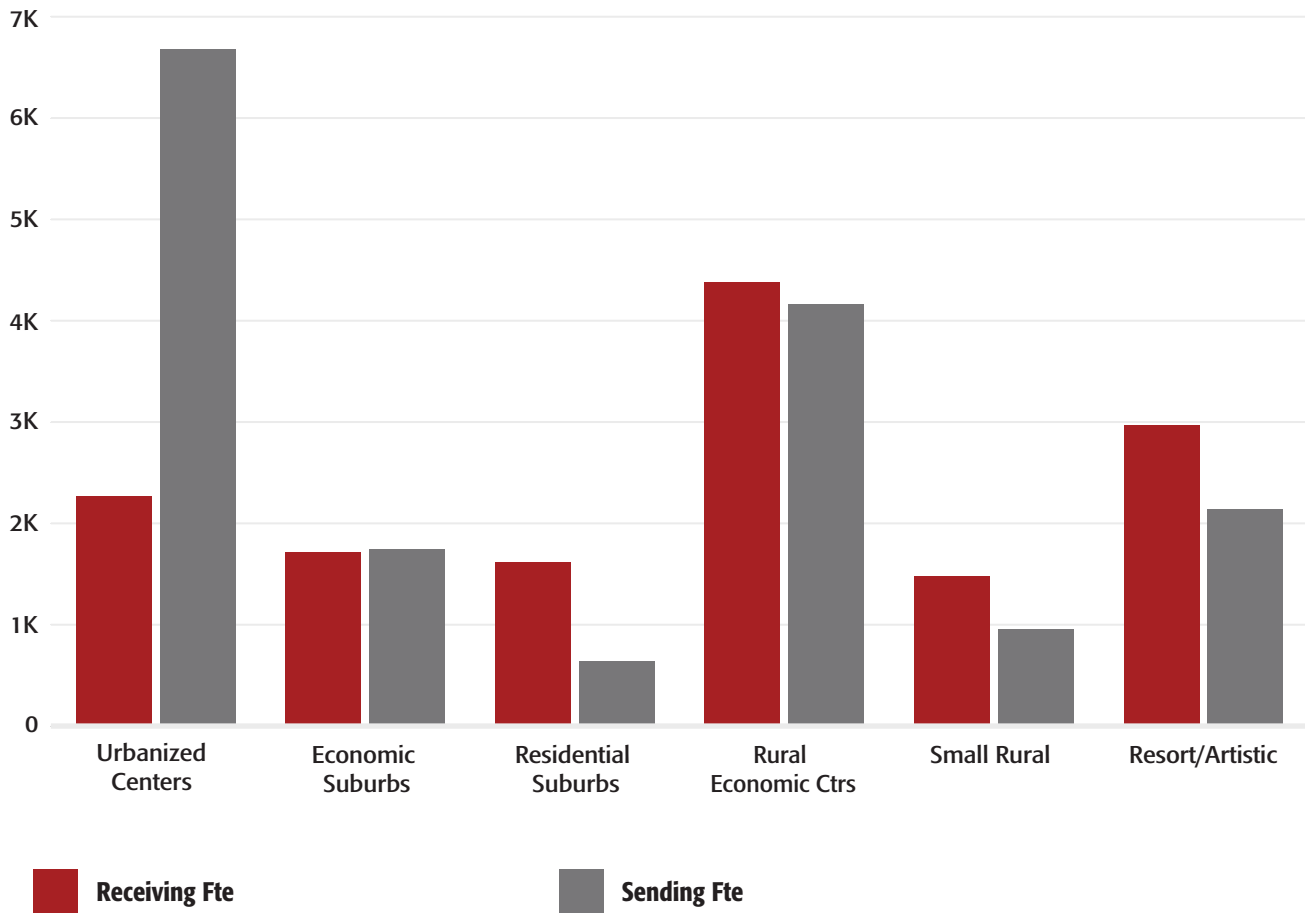
west suburban and western parts of the state, along with Cape Cod. As it has grown since then, all but a discernable ring of suburban towns adjacent to Boston see considerable choice activity. It should be noted, though, that these towns have a long-standing commitment to enroll more than 3,000 Boston students through the METCO program, which preceded the 1991 choice law.

By Kind of Community

Figure 6 shows a breakdown of FY 2017 enrollment by kind of community (KOC). Note that the state's two virtual school districts, the Massachusetts Virtual Academy (666 pupils) and TECCA (1260 pupils) are included in the sending numbers, but not the receiving. They get all their pupils through school choice, but have no home district, so cannot be assigned a KOC code.

As a group, rural economic centers serve the most non-resident pupils. In the central part of the state, Quabbin Regional (309 choice pupils), Ralph C. Mahar Regional (217) and Narragansett (201) are examples in this category. Resort/artistic districts are next, including Lenox (278) and Berkshire Hills Regional (211) in Berkshire County; Monomoy (239) on Cape Cod and Rockport (236) on Cape Ann.

Figure 6: Choice FTE Enrollment FY 2017, by Kind of Community



Size of Receiving District

The list of receiving districts cuts across all district sizes. The average foundation enrollment for receiving districts is about 2,500, but ranges from 63 (Petersham) to 21,909 (Springfield).

Although they are often faced with enrollment increases from their own resident population, 15 of the 26 Gateway Cities do accept incoming choice pupils, some in significant numbers. However, only three of them (Chicopee, Leominster, and Peabody) accept more than they are losing to other districts. It is likely that this group is attempting to offset the loss.

Table 1: Gateway Cities Accepting Choice Pupils in FY17

District	Receiving	Sending	Net Gain
Barnstable	123.4	177.7	-54.3
Brockton	22.4	247.7	-225.4
Chicopee	181.6	163.5	18.1
Fall River	52.7	110.7	-58.0
Fitchburg	183.7	441.9	-258.2
Haverhill	31.1	180.6	-149.6
Holyoke	70.0	373.3	-303.3
Leominster	299.5	286.7	12.8
Lowell	15.0	137.7	-122.7
Peabody	96.0	47.1	48.9
Pittsfield	106.1	511.3	-405.2
Springfield	24.9	805.1	-780.2
Taunton	91.5	128.4	-37.0
Westfield	139.4	145.5	-6.1
Worcester	85.1	501.9	-416.8

Most Choice Pupils Received and Sent

The two virtual schools are an anomaly because all their pupils are funded through choice. Naturally they top the list of receiving districts.

Table 2: Top Ten Receiving LEA's FY 2017

District	FTE Pupils	Tuition
Tecca Virtual Academy	1,260	8,685,730
Ma Virtual Academy	666	4,711,939
Quabbin	309	1,711,360
Nauset	300	1,805,467
Leominster	299	1,696,939
Lenox	278	1,453,299
Monomoy	239	1,359,051
Rockport	236	1,490,964
Northampton	224	1,617,281
West Bridgewater	221	1,330,191

Springfield tops the list of districts sending the most pupils, at 805.

Table 3: Top Ten Sending Districts FY2017

District	FTE Pupils	Tuition
Springfield	805	4,765,620
Pittsfield	511	2,916,056
Worcester	502	2,784,122
Fitchburg	442	2,585,927
Holyoke	373	2,338,760
Dennis Yarmouth	368	2,234,172
Athol Royalston	359	2,264,187
Greenfield	330	2,539,542
Gloucester	298	1,904,743
Leominster	287	1,707,812

The School Choice Law

The state law governing inter-district choice is MGL C76 s12b, passed in 1991. It was amended soon after to allow sibling preference in admissions. Since then there have been no further amendments, but it does not take too careful a reading to realize that many parts of the law are out of date and not implemented as written. Some examples are:

- “Above-foundation reimbursement” was designed to cushion the financial impact for sending districts. This account has not been funded since the late 1990’s.
- The choice law requires districts to project and report by May 1 the number of empty seats available for the upcoming year. This has not been enforced since the late 1990’s and is impractical. While many districts do prepare such projections, they really don’t know with certainty how many empty seats there will be until school opens in late summer.
- Districts must submit a non-resident attendance report to DESE and the State Treasurer. This was never implemented. Data is reported securely to DESE, where tuition amounts are calculated, and a summary file is sent to the Department of Revenue’s Division of Local Services. It is incorporated into the monthly local aid distribution, which is sent to the State Comptroller and State Treasurer.
- The law describes a school choice transportation program reimbursing parents for driving their children to and from school. It was funded during the 1990’s, but not since.
- The law states that If Chapter 70 required net school spending is below the foundation budget, a district may receive additional school choice funding. However, since FY 2000 no district’s required spending has fallen below its foundation budget.

The law was written during an era when districts were submitting information to the Commonwealth on paper or diskette. Technology now facilitates much more secure transmission of student data.

There are no choice regulations. There have been internal DESE efforts to address this, but none have come to fruition. Perhaps this is because the underlying law itself needs updating first.

Most of the questions raised by parents and districts pertain to equity in admissions, and that section of the law remains valid. In fact, regardless of the outdated statutory language and lack of regulations, the program runs smoothly and with little controversy. Parents are finding other districts to serve their children, and receiving districts are increasing their economies of scale.

The Process for Parents and Students

The reasons why parents and students seek out another school district can be complicated. The only statewide survey on the topic was done in 1993, the second year of the program, when far fewer districts were participating¹⁰. At that time, about two-thirds of respondents said academics was a reason, and half said lack of resources in their own schools drove them elsewhere. Safety issues were cited by 22 percent, and personal reasons by 17 percent. Convenience was cited by only 15 percent of respondents.

Daring (2005) also found that academics were the predominant reason for going to another district¹¹.

The findings of this study indicated that parents participated in the school choice program largely, but not solely, for academic reasons. Continuity of children's education following a residential move, by having children remain in the schools they had been attending, was also an important factor. In addition, convenience factors such as the proximity of a school to parents' job or daycare sites, and dissatisfaction or problems with former schools played a smaller part in the decision-making. Also, local conditions such as class size in one district were precipitating factors in the use of choice. Administrators and school committee members often cited reasons for parents' participation in choice, such as the desire for more prestige, not emphasized by the parents themselves. Parents overwhelmingly learned about the school choice program by talking to friends, neighbors, relatives, or other parents.

But there are other factors at play as well. School building quality can play a big role.¹² Paul Funk, who researched what drove parents' decisions in a case study about Cape Cod, found that dynamic school leadership, academic support, and public perception/social networking were common themes.¹³

Parents are not always the ones who make the suggestions, either. Michael Sullivan, superintendent of the Gill-Montague Regional School District in the Pioneer Valley, says "it's not just about academic achievement, at the high school level, it's even about...kids thinking about where their friends go to school."¹⁴

The reasons may also differ depending upon the particular setting and demographics of the school districts involved. Fitchburg superintendent Andre Ravenelle says he instituted an honors program several years ago which has attracted students from surrounding districts, but even so he finds that reasons other than academics predominate in parents' decision-making process.

The reason that people do school choice is very rarely for the opportunity for a higher academic program. It's usually for a lot of other things. People choose school choice because they're looking for a more homogenous community experience, they're looking for a better zip code...some of them do it because of practicality...there are a lot of people who work in another town, so it's a convenience factor...Very few people are doing it because they've examined the quality of the academics of the two districts and are deeming that one is above the other, because when you compare the academic offerings in most districts these days they're pretty similar.¹⁵

It should be noted that when a family moves out of a district, school choice provides a mechanism for the children to stay in their current schools. If a district holds a lottery for acceptance of choice pupils, the school committee may allow the pupils to finish the year (as tuition-free, non-choice students). They can then apply in the subsequent year's lottery for choice status, although they should be given no preference over other applicants. If there is no lottery, it's acceptable to convert the students to choice mid-year.

Once the decision to find another district is made, preferably by the spring preceding the school year when they want to enroll, parents and students typically research area districts. They can contact the districts directly or visit the DESE school choice website for a current list of which districts are participating and whether they have limits on the number of new students or which grade levels would be available. They often will visit each potential school before deciding. The receiving district requires an application.

A limiting factor in the family's decision is nearly always transportation. There is no state requirement that receiving districts transport choice pupils to school. In some cases, they choose to do so anyway, but there is no state reimbursement for the cost. Most often the parent will be the transportation provider; in the upper grades the pupil may drive to school.

Note that so far in the process there is no need to for the parent or student to contact the home district or former school. The

decision to go elsewhere is entirely in the hands of the family. Once enrolled, the receiving district will request the student's records from the former district. At that point, the student has the right to continue choosing-in every year through graduation, even if in future years the school committee opts out of accepting new students. While enrolled, the student is to be treated in every way as if he or she were a resident of the district.

The Process for School Committees and School Personnel

Admissions

School committees are required to vote each spring whether to accept choice pupils in the upcoming year. Their votes can limit acceptance to a certain number of seats, as well as particular grades. Technically, if they intend to remain or become a choice district in the upcoming year, they can eschew the vote, and DESE will automatically assume that they are accepting new students. If a district does not report a vote, and had not been a choice district in the previous year, DESE will follow up and confirm that the district intends to become one.

The motivation for school committees to accept choice students is nearly always financial. They can fill empty seats at \$5,000 apiece without having to add teachers or new classrooms. "Districts do it because if they do it right they can affect their economies of scale," says Glenn Koocher, executive director of the Massachusetts Association of School Committees.¹⁶

Receiving districts should hold an admission lottery in the spring, (and again in November according to the law, although this later lottery seldom takes place). Alternatively, they can practice "open choice," which means they accept all comers. Jesse Bruhn, a Boston University graduate student who is studying the admissions process in a joint project with DESE, estimates that of the 200 districts that have accepted choice students, less than half ever conducted a lottery; they accept any student who applies.¹⁷

Special Education

The biggest concern raised by school committees and superintendents is that an applicant will end up on a costly individualized education plan (IEP). If a non-resident student needs special education services, there should be an IEP meeting that includes a representative from the former district (although that person does not have final say on the ultimate plan). The costs of that plan are added to the student's \$5,000 annual tuition, so the sending district ultimately bears the expense. Even if the IEP requires placement at a private special education school or collaborative, the sending district bears the entire cost. Once this process is fully understood, school committees and superintendents' concerns about special education choice students are usually put to rest.

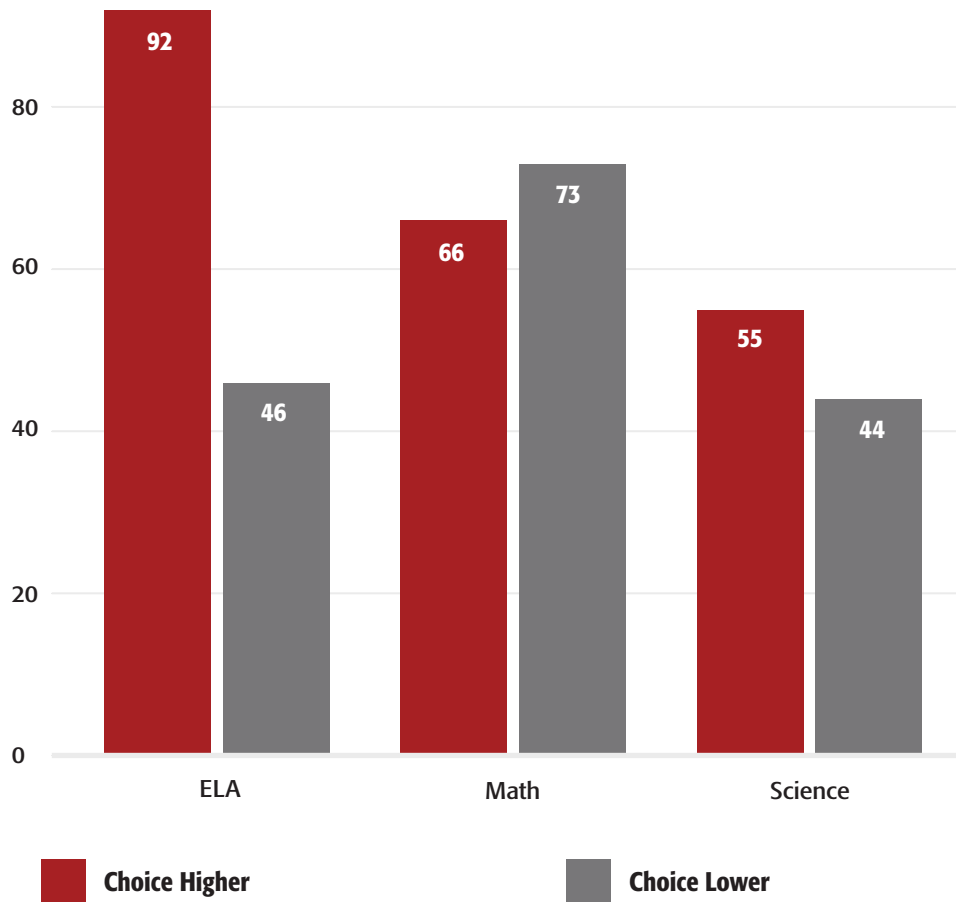
School Choice and Test Scores

If academics are a cogent factor in the decision to choose out, the next logical question is how well the choice students do in the receiving district. Such a comparison entails limitations.

- DESE only reports academic performance information for groups with a minimum of 10 students to protect individuals being identified.
- Beginning in FY 2015, districts were able to choose between two competency tests: MCAS or PARCC. This would substantially reduce the number of districts available for comparison, so the analysis used FY 2014, the last year in which all districts used the MCAS test.

DESE staff queried the FY 2014 MCAS results¹⁸ for choice receiving districts that year. The 10-student minimum limited the numbers of districts that could be analyzed from 190 to 138 (English Language Arts), 139 (Math) and 99 (Science). They computed a summary, by district, of the results for incoming choice students. Then they compared the results to those of all students at the district (including the choice pupils). In English language arts (ELA), choice students exceeded the district average in twice as many districts (92) as those in which they fell below it (46). In mathematics, more choice pupils were below the average (73) than above it (66). And in Science, the choice students were higher in 55 districts and lower in 44.

Figure 7: Choice Students Compared to District Total (Number of Districts)



If one looks at statewide average scores for this cohort of districts, choice pupils outscored district averages in all cases. Even the disparity in Math goes away when statewide average scores for these districts are compiled together. Choice pupils averaged between 2.0 (Math) and 3.4 (ELA) index points higher than the district averages.

**Table 4: Combined Results,
Composite Performance Index (CPI)**

	ELA	Math	Sci
Choice Avg	90.4	81.8	83.4
District Avg	87.0	79.8	80.5
Difference	3.4	2.0	2.9

The evidence would seem to indicate that many choice students, often attracted to other districts based on academics, do flourish once enrolled in those districts. Interpreting exactly what this means is not easy. Did the students improve while in the choice district, or were they already performing well at their previous district?

Funding

Budget, Revenues and Expenditures

School committees may vote to accept non-resident students for various reasons such as keeping key programs (or even schools) running. The most prevalent reason would appear to be the prospect of filling empty seats at \$5,000 per pupil. Superintendent Ravenelle points out that this means districts are using taxpayer money from other communities to fund their local schools, which goes beyond the original purpose and design of the program. “I don’t think that the legislature ever intended it to be used for balancing another community’s budget.”¹⁹

Receiving districts place their monthly school choice tuition payments in a revolving fund available only to the school committee. They may use it for any “net school spending” function, which includes most expenditures except transportation and capital. The revolving fund can be carried over from year to year. In fact, some districts use it as an emergency fund to cover unexpected costs and let the balance build up over time.

This practice can also backfire on school committees at budget time, as town finance committees eye the revolving account as a replacement for what otherwise might have been funded through the general fund appropriation.

Sending districts count their tuition assessments toward the Chapter 70 spending requirement, just as they do charter school tuition, collaboratives, special education placements, and other out-of-district payments. Annual “cherry sheets” published by the Division of Local Services throughout the state budget process and usually culminating in June, give rough estimates of how much they will be assessed for choice in the upcoming year, which they should use in their budget planning.

Determining the sending district

The school choice program is based on the notion that sending districts will pay the receiving district for their pupils who enroll. “Sending district” is defined as the local or regional district which a pupil has the right to attend as a local resident. An Amherst sixth-grader choosing in to Hatfield, for example, would be charged to the Amherst K–6 elementary district. But the next year, that same seventh-grader would be charged to the Amherst-Pelham 7–12 Regional School District.

The sending district does not inform DESE that it has a pupil choosing in to another district. The reporting is done entirely by the receiving district. In both December and June, DESE publishes rosters in its secure portal that allow the sending district to see all their choice students and the districts to which those pupils are going. This is a system of checks and balances, where both sending and receiving districts can challenge the dates of attendance, residency status, or other apparent misreporting. If there are errors, there is a one-year window for DESE to make the adjustment.

If a pupil chooses into a vocational program in a receiving district and lives in a town that is a member of a vocational regional, then the home vocational district is charged. If the home town is not a member, the town would be charged (not the local school district). The rationale for this is that, not belonging to a vocational regional, the town would be responsible for the non-resident vocational tuition.

Regular and Vocational Tuition Rates

The rates include three components: regular, vocational, and special education. The regular and vocational rates equal 75 percent of the per-pupil cost in those programs, or \$5,000, whichever is smaller. When the program was instituted in FY 1992, per-pupil expenditures averaged \$4,101 for regular education and \$7,228 for vocational. Taking 75 percent of those amounts means that for an average district the choice rate would have been \$3,076 for regular and \$5,421 for vocational.

Thus, vocational was likely capped at \$5,000 for many such programs from the very beginning, as it continues to be today.

It is hard now to infer the original derivation of either the 75 percent calculation or the \$5,000 cap. There must have been recognition that the program was not intended to spur districts to hire new staff, but to receive a fair approximation of the true cost of filling empty seats. Over time, district per-pupil expenditures rose to the extent that today, all districts spend more than the \$6,666 per pupil ($\$5,000/75=\$6,666$) that would work out to the cap amount. So even though DESE continues to publish the regular and vocational rate calculations,²⁰ they are somewhat moot because all districts are capped at \$5,000.

There are two ways of looking at the \$5,000 rate. One is to compare that amount to a district’s average per-pupil spending. On average, districts spent \$15,023 in FY16.²¹ The conclusion some draw is that a receiving district spending even at the state average is subsidizing choice pupils by more than \$10,000.

The other approach is to look at the incoming choice pupil’s *marginal* cost. The real cost of any choice student’s regular education services is probably much less than \$5,000. There are no additional teacher salaries or benefits, no additional maintenance costs, and perhaps small increments for instructional materials, technology, etc.

Nevertheless, many districts—especially those that receive more students than they send out—suggest that it’s time for the \$5,000 cap to be raised. After all, it’s been in place for 27 years and that fact in itself would seem to warrant some increase. Superintendent Sullivan of Gill-Montague, whose district loses more students than it brings in, feels differently.

*Five thousand dollars to me is enough of an enticement to want to offer those seats to another district. And if I’m a sending district, \$5,000 is more than enough to catch my attention about trying to improve my situation. I think in terms of incentives in either direction, I don’t think it needs to go up.*²²

There have been no concerted efforts to raise the cap despite the length of time since it was put in place. At least two factors may account for this. First, there are more districts that lose more tuition money than they gain than vice versa. In the preliminary FY 2018 numbers, 194 districts show net losses, while only 123 are net gainers. More districts would be hurt by a rate increase than would be helped. That is not a recipe for legislative change.

Second, a sense of collegiality among superintendents inhibits them from seeking to do fiscal harm to each other’s districts by charging more tuition. They may privately point out the seeming unfairness of the amount of time that has passed without a cap adjustment, but it is awkward to champion the cause publicly.

Special Education Increments

In addition to the regular and vocational rates, a separate “special education increment” is added to a pupil’s choice tuition. This increment is based on the circuit-breaker methodology, which looks at the specific interventions a pupil receives. In the circuit-breaker program, there is no funding until the cost reaches four times the state average foundation budget per pupil—a resulting calculation that brings the cut-off to more than \$43,000 in FY 2018. But there is no cut off in the school choice program. Even small amounts of service generate increments, so it is not uncommon for them to be less than \$1,000 in cases where the student is receiving, say, two hours of speech intervention each week.

Virtual Schools

There are two “Commonwealth Virtual Schools” that serve students throughout Massachusetts. They are the Massachusetts Virtual Academy at Greenfield, and the TEC Connections Academy. These are full-time K–12 programs that enrolled more than 1900 students in FY17.

The tuition rate for these two schools is set at \$6,700²³. Tuition is charged entirely through the school choice program.

As a result of both the special education increment and virtual school tuition rate, the average school choice cost in FY 2017 was not the \$5,000 that most people cite, but \$6,123.

Foundation Enrollment and Chapter 70

School choice pupils are counted in a sending district’s Chapter 70 foundation enrollment, but not entirely. The low-income increment referenced in the Chapter 70 statute (now referred to as the “economically disadvantaged” increment due to a change in the methodology for identifying this group of students), is attributed not to the sending district but to the receiving district. This is a sensible approach, because the \$5,000 tuition paid to a receiving district does not consider any additional costs that might be attributed to a student’s circumstances. Yet the receiving district bears these costs, because it must provide an education commensurate to need.

The extra funding for economically disadvantaged students goes to the receiving district. A school choice pupil in that category generates additional foundation budget dollars to the receiving district, not the sending district. In FY 2018 this increment ranges from \$3,775 to \$4,135 per pupil in foundation budget dollars, compared to a statewide average foundation budget of \$11,026 per pupil. It is important to point out that this often does not translate into Chapter 70 aid. The foundation budget is a recommendation for adequate spending, but many districts receive more aid than is necessary to reach that goal, so the foundation budget does not drive additional state funding.

It is beyond the scope of this paper to explain the Chapter 70 funding mechanism, and why foundation budget increments translate into extra dollars for some districts but generate no new aid for others. However, it is completely relevant here to point out that a number of sending districts are receiving more Chapter 70 aid for their school choice pupils than they are being charged. The important context in the analysis that follows is that one can measure the exact cost of a particular school choice pupil’s tuition. However, for the local resident pupil in a classroom, or in gym or chess club, there is no way to measure his or her exact cost to the district. There do exist measures of a district’s overall per-pupil expenditure, and even some more granular breakdowns based upon groupings of students in programs such as vocational education. But exact costs for individual students can only be determined when there is a specific charge, and tuition bills may be the only instance where that occurs.

Table 5 compares FY 2017 choice per-pupil tuition (column C) to FY 2017 aid per pupil (column F) for the districts with the greatest disparities ranked in column G. Around the state there are 70 districts with an excess. For them, the negative fiscal impact of losing choice pupils to other districts is completely nullified; in fact it has a net positive impact. They do not need to spend money on teachers, materials, and other services for choice pupils, but the formula still assigns them significant foundation budget dollars as if they did.

School Choice and Regionalization

In FY 2018 there are 58 academic regional districts and 26 vocational regional districts in Massachusetts. In any given year there are at least several initiatives to encourage two or more of the 235 local/municipal districts to combine into existing or new regional districts. These efforts do not usually work out for any number of reasons, many of them financial. During the first decade of this century there was not a single change in academic regional membership. The current decade has seen considerably more success, with nine reconstituted or new regionals (although there was also one town that withdrew from an academic regional and six towns that withdrew from a vocational). The need to build a new school was a driving force behind most of these successful initiatives.

School choice is in itself an informal type of regionalization. If parents can send their children to a better district the next town over, it reduces popular support for regionalizing with that town. In parts of the state where enrollment is declining, and especially when districts open their doors to all non-resident applicants without a lottery, it probably doesn’t matter much to the average parent what the organizational structure is. Their kids can go to that excellent school next door and be guaranteed enrollment until they graduate. The parents do

Table 5: Chapter 70 in Excess of Choice Tuition: Top Ten

Districts Sending At Least 20 Choice Students

	A	B	C	D	E	F	G
District	FY17 Sending FTE, choice	FY17 Sending Tuition, choice	Choice Tuition Per Pupil	FY17 C70 Foundation Enrollment	FY17 Chapter 70 Aid	Aid Per Pupil	Difference, Aid PP vs Choice Tuition PP
Greater Lawrence	84.0	471,969	5,620	1,518	22,517,145	14,833	9,213
Greater Lowell	31.9	177,657	5,564	2,187	23,860,787	10,910	5,346
Springfield	805.1	4,765,620	5,919	29,109	319,871,030	10,989	5,069
Lawrence	67.4	458,563	6,804	15,088	178,458,236	11,828	5,024
Holyoke	373.3	2,338,760	6,265	6,479	70,897,779	10,943	4,678
Brockton	247.7	1,392,433	5,621	17,674	171,012,998	9,676	4,055
Athol Royalston	358.8	2,264,187	6,310	1,726	17,267,570	10,004	3,694
North Adams	119.2	671,255	5,629	1,477	13,676,653	9,260	3,630
Clarksburg	24.2	160,192	6,630	175	1,783,225	10,190	3,559
New Bedford	132.8	832,719	6,272	13,469	132,385,625	9,829	3,557

lose the right to attend the new district's town meetings and vote on their new school's budget.

Fiscally, the costs associated with new or reformulated regional districts can be overwhelming when compared to the \$5,000 choice tuition. Members of regional districts pay a state required minimum contribution based upon community wealth, plus in most cases an "additional contribution" chosen by a school committee to augment the budget. On top of that there is a charge for regional transportation. Finally – and expensively – there may be a charge for long-term capital costs associated with building or renovating schools. Putting all these potential costs together, it is no wonder that decision makers like town finance committees may balk at regionalization when it's compared to the easy pull of sending their pupils to other districts at \$5,000 per student.

Table 6 shows the 10 districts with the highest percentages of their enrollment coming from incoming choice pupils.²⁴ All but one are in the central or western part of the state. All but two are local districts. And many have considered regionalization in recent years, but that has not occurred. Such high percentages of non-residents underscore the point that school choice is a form of regionalization.

Table 6: Incoming Choice Pupils as Pct of Receiving District's Total

October 1, 2016 Headcounts

Highest Percentages			
District	Choice	Total	PCT
Petersham	62	124	50.0
Richmond	85	173	49.1
Provincetown	53	129	41.1
Pelham	54	132	40.9
Rowe	24	59	40.7
Lenox	280	765	36.6
Whately	43	129	33.3
Hawlemont	31	105	29.5
Ralph C Mahar	215	752	28.6
Hatfield	126	442	28.5
Clarksburg	46	173	26.6

The concept of regionalization goes beyond the formal institutional structure of being a member of a regional school district. The efficiencies of scale that can be gained by joining together with other towns to provide a service can be achieved through membership in collaboratives and even through less formal groups of area school staff meeting to share ideas. Superintendent Scott Carpenter of the Monomoy Regional School District on Cape Cod finds that even these sharing groups are limited by choice.

It's not as productive as you think because everybody wants to hold on to their good ideas, because that's what's either drawing kids or retaining kids, so there's this limit to what happens when it comes to regional thinking here in Barnstable County because of this oddity that you're in such competition with your neighbors.²⁵

In many parts of the state, school districts are competing for a scarce resource—students. Competition may work to hold districts accountable but does not mix well with initiatives to regionalize and collaborate.

Policy Recommendations

Raise the \$5,000 cap on tuition rates

The cap of \$5,000 on the regular education choice rate now affects all districts. The fact that the law establishes the cap at the lesser of 75 percent of per-pupil spending or \$5,000 has understandably slipped into oblivion. The primary complaint heard about the program is that the cap has never been raised. It has not kept up with inflation or school spending needs in the era of education reform.

Despite this restriction, school choice participation continues to grow at a moderate pace year after year. The original goals

of giving parents and pupils educational options and fostering competition among school districts continue to be very much in play. Aside from those who want the cap to increase, or for the program to go away altogether, there is very little overt controversy associated with inter-district school choice. With little fanfare, it perseveres.

One can make the argument that \$5,000 cap appears to be a sort of equilibrium point. It is high enough to motivate receiving districts to continue to enroll new non-residents; enough to spark concern among sending districts who in response make conscious efforts to improve their offerings; and enough to keep the program going, albeit at a moderate level.

However, the fact that the cap has been in place for 27 years argues even more strongly that policymakers should consider raising it. State and local government budgets more than doubled over that period, rising 114 percent²⁶. In 2017 dollars, the equivalent cap would be \$10,722.

Exactly how much to increase the cap is not something that can be scientifically measured. Instead, the size of the increments and the pace at which they might be phased in is something that policymakers would need to negotiate. The increases should be high enough to incentivize more high-performing districts to accept non-residents. But there needs to be a balance between those amounts and the need to maintain fiscal stability in the sending districts.

The way special education costs are calculated is working well and should not be changed. However, policy makers should consider whether there should be differentials in the caps for regular education and costlier vocational programs.

Changing the statewide limit of 2 percent of enrollment

There is no limit to how much a sending district spends on its pupils going to other districts. Nor is there any limit on how many incoming choice pupils a receiving district can accept. The only existing limitation is the maximum of 2 percent of statewide enrollment. If raising the rates were a sufficient incentive to attract more districts to accept non-resident pupils, and if it turns out that there is pent-up demand among parents not currently able to participate, then it is entirely possible that the 2 percent statewide maximum might be reached immediately after raising the cap. The simplest solution would be to raise the figure.

Acknowledge that school choice is a budget tool

The initially generous terms of the choice rate have degenerated relative to overall school spending over the years, but the \$5,000 regular education rate is still enough to convince districts to participate. School committees actively seek non-residents not just to fund special programs, but to balance their budgets. In economic terms, they are “exporting” the cost of

local schools to the taxpayers of neighboring communities.

Related to the concept of choice as a budget tool is the fact that some smaller districts, especially at the elementary level, use the program to keep their local schools open. Taxpayers in these towns cherish their local schools, but choice enrollments that approach 50 percent call the model into question.

We must recognize that some sending districts are receiving more Chapter 70 aid for their choice students than they are paying in tuition. It is tempting to try and design a mechanism in Chapter 70 to prevent this from happening, but the timing is problematic. Chapter 70 is set in stone in Section 3 of the state budget, before the beginning of the school year. As currently designed, there is no option for adjusting a district's aid during the year to reflect actual enrollments and tuition for school choice. If there were such an adjustment, it would open the door for similar calculations related to charter schools and other types of tuition. In the overall local budgeting picture, mid-year adjustments to Chapter 70 are just not feasible.

No school finance system can satisfy all parties. For the most part, school choice funding supports the program's major goals: access to better education for students and encouraging districts to be competitive. At this point in the tenure of the program, the failure to raise the tuition rate cap is the biggest flaw in the system.

Update the law, then establish regulations

The Massachusetts school choice law has had just a few minor amendments since its passage in the early 1990s. It was written in an era that did not envision student-based data collection such as DESE's Student Information Management System. It refers to programs ("above-foundation reimbursement, transportation reimbursement) that have not been funded for nearly two decades. There are many other cases of outdated language which should be replaced with a description of how the program actually works today.

There are no school choice regulations, but it would appear that to put them in place, the law would first need to be brought up to date. Regulations would provide concrete guidance to districts as they grapple with how to administer the program, and to parents and students who are weighing their options.

Endnotes

1. <https://www.edchoice.org/school-choice/types-of-school-choice/>
2. <http://www.doe.mass.edu/finance/schoolchoice/>
3. David J. Armor and Brett M. Peiser, *Competition in Education: A Case Study of Inter-district Choice*. Reviewed n Pioneer Paper No. 12 March 1997.
4. Phone interview with Michael Buoniconti, superintendent, Mohawk Trail/Hawlemont Regional School Districts, Aug 8, 2017
5. MGL C70s1. <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXII/Chapter70/Section1>
6. Foundation Review Commission Report, October 2015. <http://www.doe.mass.edu/finance/chapter70/FBRC-Report.pdf>
7. There were eight instances of regionalization between FY08 and FY17; FY08 numbers for the original local districts were attributed to the new regional structure.
8. The 322 “Operating districts” in Fy17 have school committees and schools. There are more than 100 “non-operating” districts in the Commonwealth in FY17; they belong to regional schools or in a few cases tuition all of their students to neighboring districts. Commonwealth and Horace Mann charter schools are operating districts, but are not counted in the 322 number, as foundation enrollment is already counting their pupils in the sending district’s number.
9. Derived from ESE website, per pupil expenditures and enrollment by grade, FY16, local districts only
10. “School Choice in Massachusetts: Why Parents Choose Choice.” Massachusetts Secretary of Education, 1993, written by Peter MacDonald.
11. Carol Daring, “Inter-district public school choice in Massachusetts: Why do choosers choose? Parents’ reasons for participating in this open enrollment program in two public school districts.” Boston College, ProQuest Dissertations Publishing, 2005. 3173661
12. <http://www.telegram.com/news/20171130/spencer-east-brookfield-schools-see-school-choice-aging-high-school-building-hitting-budget>
13. <https://repository.library.northeastern.edu/files/neu:rx914p72r/fulltext.pdf>
14. Phone interview with Michael Sullivan, superintendent, Gill-Montague, January 9, 2018
15. Phone interview with Andre Ravenelle, superintendent, Fitchburg, January 16, 2018
16. Phone interview with Glenn Koocher, Executive Director, Mass. Assn. of School Committees, November 2017
17. Phone interview with Jesse Bruhn, Boston University graduate student, December 5, 2017
18. The measure of performance was the “Composite Performance Index” which ranges up to 100 with 100 being the highest possible score.
19. Ravenelle, Ibid.
20. <http://www.doe.mass.edu/finance/schoolchoice/choice17.html>
21. <http://www.doe.mass.edu/finance/statistics/ppx12-16.html>
22. Sullivan, Ibid.
23. <http://www.doe.mass.edu/odl/cmvs/faq.html?faq=allJanuary>
24. Table does not include the two virtual schools where choice is the funding mechanism for all students.
25. Phone interview with Scott Carpenter, superintendent, Monomoy Regional School District, January 9, 2018
26. U.S. Commerce Department, Bureau of Economic Analysis, Table 1.1.9. Implicit Price Deflators for Gross Domestic Product, State and Local Governments

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